

### FROM THE DESK OF THE DISTRICT DIRECTOR

The U.S. Census Bureau recently announced that, between 2000 and 2001, Georgia led the nation in the growth of nonemployer firms. The state posted a 5.2 percent increase for the 12-month period. According to the U.S. Department of Labor, the number of self-employed individuals increased in the state by 8.9 percent in 2002 while the number of employer firms increased only 0.7 percent during the same period.



Terri L. Denison

Self-employed individuals and microenterprises—businesses with five or fewer employees—are often disregarded in economic growth and revitalization. However, these types of businesses play a relevant part in a well-rounded economic development strategy. Self-employment provides an opportunity for an individual who has lost a job or simply does not work best in a corporate setting to create his or her own job. In smaller or economically distressed communities, self-employment and microenterprise give individuals an opportunity to remain in those communities rather than leave the area to pursue traditional employment opportunities elsewhere. As a result, such areas become more stable and, perhaps, become communities that can actually attract new residents, visitors, and businesses. Finally, while not all self-employed individuals and microenterprises go on to become larger, employer companies, larger companies all begin with one or a few individuals.

As you will see in this newsletter, the SBA has tools geared towards assisting the “smallest of small business.” The Georgia District Office has been working to expand statewide the number of SBA microlenders—such as DEBCO—providing microloans and technical assistance. The SBAExpress Loan Program has also become a fast, streamlined means of smaller businesses getting the capital they need.

We close out our Fiscal Year 2003 with one of the best years ever for assisting Georgia's small businesses. We look forward to sharing those results with you in our next issue.



### Loop Named SBA's Minority Small Business Person of Year

Jeannette Cruz Loop, CEO and founder of JANUS Research Group Inc., has been selected the 2003 Minority Small Business Person of the Year by the U.S. Small Business Administration's Georgia District Office.

Ms. Loop was presented her SBA award on September 8th at the Annual Minority Enterprise Development (MED) Week Awards Luncheon in Atlanta. MED Week is sponsored by the U.S. Department of Commerce Minority Business Development Agency (MBDA) and the SBA.

Loop was also selected the SBA Southeast Region's Minority Small Business of the Year. This award put her in the running for the national award to be presented in Washington.

The luncheon was part of the 21<sup>st</sup> annual observance of MED Week in the United States. MED Week recognizes the tremendous contributions minority entrepreneurs make to the economic well being of the United States.

“JANUS Research Group has exemplified what MED Week is truly all about—success and achievement,” said Terri Denison, Georgia District Director. “Ms. Loop, through her hard work and preparation, was able to seize and create opportunities for her company. This is the essence of entrepreneurship.”

JANUS Research, based in Appling, Georgia, is projecting revenues of \$11 million in 2003, more than double those in 1999 when it entered the SBA's 8(a) Business Development Program. The company has been awarded seven contracts, totaling \$3.9 million, through the SBA 8(a) Program.

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## Paula Deen is Selected a Runner-up For SBA Small Business of Year Award

Paula Hiers Deen of Savannah was named second runner-up for the national SBA Small Business Person of the Year Award. The awards were highlights of the SBA's National Entrepreneurial Conference and Expo on September 18-19 in Washington, D.C.

Ms. Deen has published best selling cookbooks based on the menu at her popular "The Lady & Sons" restaurant in Savannah. But her climb to the top in the culinary world reads more like a bestselling novel – the story of an agoraphobic single mother who started a tiny catering operation in her own kitchen with \$200 in cash, and grew it into a \$2 million a year business that has been featured from *USA Today* to the *Oprah Winfrey Show*.

Deen's deft hand in the kitchen, combined with a dedicated staff and her flair for the dramatic, have set her restaurant apart in the heart of Historic Savannah. Mix the Southern charm of her place, with Deen's signature cheese biscuits, and you have a business receipt that has pushed annual sales over \$2.6 million per year.

Deen, now with a national TV cooking show, was selected with the other national winners on their record of stability, growth in employment and sales, innovation, response to adversity, and community service.



Paula H. Deen, with Sons, Bobby and Jamie

Deen's sons, Bobby and Jamie, play an active role in the operation of The Lady & Sons, a full service restaurant that will soon move to an even larger 10,000 square foot facility in October.

Her popular TV show, "Paula's Home Cooking," airs on the national Food Network on Saturday mornings. She told TV Guide Magazine recently that she learned to cook from her grandmother Irene who ran a restaurant in her hometown of Albany, Georgia.

## A Summer for Small Business to Celebrate



By SBA Regional Administrator Nuby J. Fowler

It was August 1, 1953 when President Dwight Eisenhower signed the first Small Business Act, creating the SBA, and empowering it to "aid and assist" America's entrepreneurs. To commemorate the 50<sup>th</sup> anniversary of SBA and celebrate our half century of assistance to American small businesses, a series of events across the country are being held beginning with a ceremony at the Eisenhower Presidential Library in Abilene, Kansas last August 1. These events conclude in 2004 with National Small Business Week in May.

While we are celebrating the tremendous contributions made by small businesses over the past fifty years, the focus of these events is job creation and the economy and SBA's role in making small business the heart of our economy.

The regional events will be an opportunity for SBA resource partners, community leaders and elected officials to discuss current challenges and opportunities for small business. It will also be a chance for business owners to voice their opinions and come together to find workable solutions to the problems facing small businesses today. In addition, entrepreneurs wishing to start a small business or expand their current business will have opportunities to meet with local bankers, venture capitalists, as well as resource and trade partners. The Region IV event will be held in Jacksonville, Florida next January 26. For more information and other event locations, go to the SBA web page <http://www.sba.gov/50>.

As we commemorate this 50 year milestone for SBA, small businesses owners have even greater reason to celebrate the passage of the President's 2003 Jobs and Growth Tax Relief Act and anticipate the immediate tax savings it will bring. By accelerating tax reductions that were enacted in the 2001, 23 million small business owners will receive tax cuts this year averaging \$2,209. In fact, small business will received about 79% of \$12.4 billion tax relief resulting from this decrease in top tax rates.

Small businesses were also given greater incentive to invest in new equipment thanks to an increase from \$25,000 to \$100,000 in the amount a business can immediately expense from their taxes. These provisions, coupled with the long awaited reduction in capital gains tax and the increase in child tax credits, will bring immediate and long-term benefit to both businesses and consumers and will serve to stimulate business expansion, create jobs, and move us closer to the economic rebound we know is at hand.

## SCORE/SBA HELP THE SMITHS WITH NEW SUBWAY

Buying a Subway franchise made sense to Troy Smith, who has 19 years of corporation work experience. The international restaurant chain is well established, has a solid brand name, and offered training and site location to Troy and his wife, Mary Ann.

The Smiths, in December of 2002, were able to use savings and a home equity loan to handle the initial cost of building out and equipping their Subway restaurant space, as well as for some working capital.

However, after their restaurant opened in McDonough, the couple knew they would need additional capital for long-term operations, something that would require a small business loan. To get some advice before seeking bank financing, Troy Smith contacted SCORE, a resource partner of the U.S. Small Business Administration.

"From the moment I spoke to Troy, I knew he had the prerequisite talent and ambition to be successful in a business of his own," recalled Jerry Chautin, a volunteer business counselor with SCORE's Atlanta Chapter.

Chautin invited Troy to attend his SCORE seminar called "How to Make a Winning Loan Presentation." The seminar is loaded with valuable information since Chautin spent 30 years in mortgage banking and business lending.

"After Jerry's SCORE seminar, I had the confidence and knowledge to approach any lender about a loan," said Troy



### **Troy Smith with SCORE's Jerry Chautin**

who is a Network Technical Consultant with AT&T. Chautin later counseled Troy on how to perfect his business plan and explained the benefits of SBA guaranteed financing.

Later, the Smiths, who live in Lithonia, were able to connect with the Conyers office of Main Street Bank, an SBA Preferred Lender. Main Street provided the Smiths with an SBA guaranteed loan of \$124,000.

As co-owners, the Smiths say the restaurant has met their expectations and plans call other Subways in the future.



**From left, Nuby Fowler, Terri Denison and Ms. Loop**

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Ms. Loop and her husband Tony L. Loop started the company in 1997. With 90 employees, JANUS's main customer is the Department of Defense. Much of its contract work centers on engineering support for the U.S. Military's Command and Control Systems.

In June of last year, JANUS opened a regional office in Evans, Ga., just outside of Augusta. About 20 employees are located in the new facility that supports engineering for the firm's information technology (IT) contracts.

### **Bobby Chu of Savannah is Named To National SBA Executive Committee**

Bobby Chu, a well known businessman in Savannah, has been appointed to the U. S. Small Business Administration's National Advisory Council (NAC) Executive Committee. The NAC Executive Committee consists of ten business leaders from the agency's 10 regions who provide sound ideas and opinions on small business issues and advice on national policy impacting independent business owners.

Members of the Council meet twice a year in Washington, D.C. Chu has been appointed to a two-year term as the southeast regional representative. His business advice on the Council will help support President Bush's efforts to strengthen the economy by promoting the interest of small business.

Chu was nominated by the Small Business Assistance Corporation (SBAC), a local Certified Development Company of the SBA. Throughout his professional history, Chu has built a solid relationship with SBAC, having served as president, vice president and secretary of the SBAC Board of Directors.

Chu has been a vital element of Savannah's small business community for 30 years. He owns a chain of gasoline convenience stores along with other real estate interests. Chu graduated with honors from the University of Georgia in 1973.



## DEBCO Launches Microloan Program In DeKalb and Surrounding Counties

The DeKalb Enterprise Business Corporation (DEBCO), a non-profit corporation formed to provide economic development loans, has been certified to provide SBA Microloans to small businesses in DeKalb and surrounding counties.

DEBCO has received a \$200,000 loan from the SBA to fund its Microloan Program. The SBA is also providing a \$12,500 grant to DEBCO for technical assistance to its small business clients. In addition, DEBCO has received a \$42,000 grant from United Way of Metropolitan Atlanta as additional seed monies for its Micro loan program.

Under this SBA program, loans of up to \$35,000 are provided to small businesses for working capital or the purchase of inventory, supplies, machinery and other equipment. Proceeds cannot be used to pay existing debt or to purchase real estate.

"We are very excited to welcome DEBCO aboard as a SBA micro lender," said Terri Denison, Georgia SBA District Director. "There is an overwhelming need for these smaller loans, particularly for home-based businesses and self-employed individuals. Since many conventional, commercial lenders are not set up to accommodate this type of lending, DEBCO will help fill this important niche in the marketplace."

Charles Blackmon, DEBCO Executive Director, said his organization is moving quickly to accept applications from small businesses for SBA Microloans.

The announcement of DEBCO as a new SBA micro lender was made in late August at a reception hosted by Chris H. Morris, Director of the DeKalb County Human & Community Development Department, and the DeKalb Micro Enterprise Alliance.



### ***DEBCO Is New SBA Micro Lender in DeKalb County***

Shown at the announcement, are, from left, Arthur Queen, Chairman of DEBCO; SBA's Terri Denison; Carol Crumby, United Way; and Charles Blackmon, DEBCO Executive Director.

Nuby Fowler, SBA Regional Administrator, spoke on behalf of the agency at the reception. United Way was represented by Carl Crumby, DeKalb County Area Director. There were other remarks by Arthur Queen, Chairman of DEBCO and President of EGM Inc., and Lou Walker, DeKalb County Commissioner and member of the county's Economic Development Committee.

In addition to DEBCO, the SBA recently approved Albany Community Together Inc. (ACT) as a new micro lender for Southwest Georgia. There are two other existing SBA micro lenders in Georgia, GRASP Enterprises in Atlanta and the Small Business Assistance Corporation in Savannah.

## SBA EXPRESS LOANS ARE CATCHING ON FAST

SBAExpress loans are catching on fast with small businesses and lenders in Georgia. This type of lending accounted for about 40 percent of the 1,386 loans approved by the District Office through the middle of September.

In fiscal year 2002, SBAExpress loans, in terms of numbers, made up only 17 percent of the total SBA loan volume in Georgia.

SBAExpress is a special 7(a) Loan Guaranty Program that provides lenders with a 50 percent guaranty on their loans in exchange for allowing them to use their own applications and documentation. This method makes it easier and faster for lenders to provide small business loans of \$250,000 or less.

The SBA provides a rapid response to the lender through the agency's processing center in Sacramento, California after receiving the complete loan application. Lenders can use their own procedures to approve and service these loans.

Like most SBA 7(a) loans, the maturity of an SBAExpress term loan is usually five to seven years for working capital.

Lenders are not required to take collateral for this type of loan up to \$25,000. Lenders may use their existing collateral policy for loans over \$25,000 up to \$150,000.

SBAExpress also allows revolving loans up to 7 years with maturity extensions permitted at the outset of the loan. Rates are tied to the national prime rate and may be fixed or variable. However, they may not exceed SBA maximums.

Lenders use mostly their own forms for SBAExpress loans which carry a 50 percent maximum SBA guarantee.

Nationally, SBAExpress is even more popular with lenders and small business. This type of loan made up about 49 percent of the nearly 31,000 small business loans approved so far in FY 2003 under the agency's 7(a) Guaranty Loan Program. A year ago, this type of lending made up just 34 percent of total SBA national loan volume.

For more information, go to "Financing," and "Programs for the 7(a) Lender," on the SBA web site, <http://www.sba.gov>.